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FISCAL IMPACT STATEMENT

LS 7531

BILL NUMBER: HB 1430

NOTE PREPARED: Jan 10, 2009

BILL AMENDED:

SUBJECT: Property tax abatement adjustments.

FIRST AUTHOR: Rep. Riecken

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: Local

Summary of Legislation: Subject to approval by the legislative body of a city or town, this bill provides a credit against municipal property taxes to a taxpayer in a municipal taxing district in which the assessed valuation subject to tax abatement is proportionally greater by a factor of at least three than the average assessed valuation subject to tax abatement in all taxing districts in the city or town. The bill imposes an equalization levy in the city or town to replace the revenue lost as a result of the credit.

Effective Date: January 1, 2010.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues: Under this proposal, a taxing district would be defined as a high abatement district if:

- (1) The district is located in a city or town;
- (2) There are at least two taxing districts in the city or town that have abated property; and
- (3) The percentage of the district gross AV subject to abatement is at least 3 times as large as the percentage of the entire municipal gross AV under abatement.

The legislative body of the city or town would be permitted to authorize payment of a tax credit to the taxpayers in the high abatement district(s). The credit would be funded by a property tax levy imposed on

all property in the city or town.

The credit would equal the difference between:

- (1) The taxpayer's actual liability for the city or town's portion of property taxes; and
- (2) The amount of municipal tax that the taxpayer would have owed if the municipal tax rate was recalculated by substituting the average abatement amount for the actual abatement amount in the district.

An estimated 30 taxing districts in 22 counties would be considered high abatement districts. If the legislative bodies of all of the affected cities and towns adopt the credit, the total credit would amount to approximately \$700,000 per year beginning in CY 2011. Taxpayers in 116 taxing districts (including the 30 high abatement districts) would be subject to the additional levy. The additional tax rate would range from \$0.0001 to \$0.0091 per \$100 AV in these districts.

State Agencies Affected: Department of Local Government Finance.

Local Agencies Affected: County auditors; cities and towns.

Information Sources: County auditor abstracts.

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